

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
WACO DIVISION

ECOFACOR, INC. *
* March 22, 2022
VS. *
* CIVIL ACTION NO. W-21-CV-428
ECOBEE, INC. *

BEFORE THE HONORABLE ALAN D ALBRIGHT
MARKMAN HEARING (via Zoom)

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10:31 1 (March 22, 2022, 10:31 a.m.)

10:31 2 DEPUTY CLERK: Markman hearing in Civil
10:32 3 Action W-21-CV-428, styled EcoFactor Incorporated
10:32 4 versus ecobee Incorporated.

10:32 5 THE COURT: If I could have announcements
10:32 6 from counsel, starting with plaintiff, please.

10:32 7 MR. DAVIS: Good morning, Your Honor.
10:32 8 This is Kris Davis from Russ, August & Kabat on behalf
10:32 9 of plaintiff EcoFactor. With me are my colleagues
10:32 10 James Pickens and Jason Wietholter. Mr. Pickens and I
10:32 11 will be arguing the terms today.

10:32 12 THE COURT: I look forward to it.

10:32 13 And for defendants?

10:32 14 MR. LUBEZNY: Good morning, Your Honor.
10:32 15 This is Steve Lubezny from Venable on behalf of ecobee.
10:32 16 Joining me on the line is my partners, Manny Caixeiro
10:32 17 and Tim Carroll. We also have in-house counsel for
10:32 18 ecobee Everitt Long on the line.

10:32 19 I'd also like to introduce the Court to
10:32 20 Daniel Apgar, one of our fantastic associates at
10:32 21 Venable. He'll be arguing one of the terms today,
10:32 22 specifically the "evaluating limitations."

10:33 23 THE COURT: Well, I very much look
10:33 24 forward to that.

10:33 25 Mr. Lubezny, I don't remember having you

10:33 1 in my court. Have you argued before?

10:33 2 MR. LUBEZNY: I believe I have, Your
10:33 3 Honor. Probably two or three times over the last
10:33 4 couple of years in a number of different cases.

10:33 5 THE COURT: Okay. Well, welcome back.

10:33 6 And we'll take up the first claim term
10:33 7 which is "evaluate one or more parameters" and go from
10:33 8 there. I'll hear -- who'll be arguing on behalf of
10:33 9 defendant?

10:33 10 MR. LUBEZNY: So, Your Honor, that, as I
10:33 11 mentioned, will be Mr. Apgar arguing that for ecobee.

10:33 12 THE COURT: Very good. I look forward to
10:33 13 it.

10:33 14 MR. APGAR: Great. And before I begin, I
10:33 15 just want to make sure, can you all see the slide show?

10:33 16 THE COURT: I can, yes.

10:33 17 MR. APGAR: Okay, great. Thank you.

10:33 18 And so, Your Honor, as you mentioned, the
10:33 19 first term that we'll be addressing today are the
10:33 20 evaluating terms which appear in Claims 1 and 9 of the
10:34 21 '100 patent. And specifically those terms are
10:34 22 "evaluate one or more parameters" and then also
10:34 23 "evaluating one or more parameters relating to the
10:34 24 operation of the said ventilation system."

10:34 25 And respectfully, Your Honor, we believe

10:34 1 that the evaluating terms are indefinite for failing to
10:34 2 inform a person of ordinary skill in the art as to the
10:34 3 scope of the claimed invention with reasonable
10:34 4 certainty.

10:34 5 And what we believe is that the
10:34 6 indefiniteness of the evaluating terms can actually
10:34 7 clearly be seen upon review of an argument that
10:34 8 EcoFactor advanced in its surreply brief, where
10:34 9 EcoFactor argued that, "Critically, a POSITA would
10:34 10 understand the claimed evaluation's inputs, output and
10:34 11 purpose." However, in making this argument, what
10:34 12 EcoFactor has done is actually highlighted the
10:35 13 indefiniteness of the term by incorrectly identifying
10:35 14 the alleged output of the evaluating step of the
10:35 15 asserted claims by pointing to an entirely separate
10:35 16 limitation of the claim which is the determination
10:35 17 step.

10:35 18 So as you can see upon review of the text
10:35 19 which is highlighted in red in the slides, what
10:35 20 EcoFactor has advanced as the identification of the
10:35 21 output of the evaluating step is "the determination of
10:35 22 whether to adopt the first interval or the second
10:35 23 longer interval prior to allowing the ventilation
10:35 24 system to turn back on."

10:35 25 And in advancing this argument, what

10:35 1 EcoFactor has done is improperly conflated the
10:35 2 evaluating limitation with the separate determining
10:35 3 limitation, which, if anything, only serves to kind of
10:36 4 highlight the indefiniteness of the evaluating step.

10:36 5 For example, looking at Slide 4 of the
10:36 6 slide deck, if you were to review the claim language,
10:36 7 what is clear is that the evaluating and the
10:36 8 determining are two separate limitations required by
10:36 9 the claim. And as can be seen, the evaluating
10:36 10 limitation requires simply the evaluation of "one or
10:36 11 more parameters including at least the outside
10:36 12 temperature measurements and the predicted rate of
10:36 13 change."

10:36 14 On the other hand, there's the
10:36 15 determining limitation which is determining "whether to
10:36 16 adopt the first or second interval based on the values
10:36 17 of the parameters." And what's noticeable here is that
10:36 18 the determining step of the claim is not even tied to
10:36 19 the outcome of the evaluation.

10:37 20 For example, the claim does not say
10:37 21 determining whether to adopt the first or second
10:37 22 interval based upon the evaluation or the outcome of
10:37 23 the evaluation. What the claim is requiring is just
10:37 24 simply that the determining be based on the values of
10:37 25 parameters themselves.

10:37 1 So what we know from this, upon reviewing
10:37 2 the claim language, is that evaluating is something
10:37 3 different from determining. We know that the
10:37 4 determination of which interval to adopt is not the
10:37 5 output of the evaluating step, as EcoFactor has
10:37 6 claimed.

10:37 7 But importantly what we don't know is
10:37 8 anything about the evaluation step, what it's referring
10:37 9 to, how it bounds the asserted claims, how it relates
10:37 10 or differs or the relationship between the evaluating
10:37 11 step and the determining step. And given that -- given
10:38 12 that there's just -- a person of ordinary skill in the
10:38 13 art would not understand the scope of the evaluating
10:38 14 claim term looking at the claim language.

10:38 15 And as seen on Slide 5, this is the
10:38 16 entire text of Claims 1 and 9. And what can be seen
10:38 17 here is given the knowledge that the evaluating step
10:38 18 and the determining step are different requirements in
10:38 19 the claim, there's just no claim language that would
10:38 20 provide any insight or guidance to a person of ordinary
10:38 21 skill in the art regarding what the evaluating step
10:38 22 requires.

10:38 23 In Claim 1 all that's said is simply that
10:38 24 there is -- "evaluate one or more parameters" with no
10:38 25 guidance regarding what that evaluation entails.

10:38 1 With Claim 9 there is some additional
10:38 2 language regarding evaluating, but it is an entirely
10:39 3 circular definition that simply says "wherein
10:39 4 evaluating...comprises evaluating." So that disclosure
10:39 5 neither describes any type of evaluation to be
10:39 6 performed, how to perform it, how the evaluation
10:39 7 differs from the determination. And therefore a person
10:39 8 of ordinary skill in the art would not understand what
10:39 9 the evaluating step requires just looking at the claim
10:39 10 language.

10:39 11 If the person of ordinary skill in the
10:39 12 art were to look at the specification to try and
10:39 13 clarify the uncertainty, there's nothing in the
10:39 14 specification that would provide any further insight
10:39 15 regarding what "evaluating" means.

10:39 16 If you were to look at Figure 7 of the
10:39 17 '100 patent and its accompanying disclosures, what is
10:39 18 shown there is a flowchart that illustrates the steps
10:40 19 required to initiate a compressor delay adjustment
10:40 20 event. And what the patent is disclosing is that there
10:40 21 are some initial steps which are not shown on this
10:40 22 slide, and those initial steps are just relating to --
10:40 23 initial determination of whether a home is even
10:40 24 eligible to participate in a compressor delay event in
10:40 25 the first instance.

10:40 1 So the initial steps shown here are not
10:40 2 related to the actual selection of the delay interval.
10:40 3 It's just a determination of eligibility.

10:40 4 After a home is determined to be eligible
10:40 5 to participate in an event, then there are the steps
10:40 6 which are shown on Slide 6 which are relevant to the
10:40 7 selection of the delay interval.

10:40 8 And what the specification discloses is
10:40 9 that, first, there's a Step 1108 which is simply a --
10:40 10 where the server retrieves the parameters needed to
10:41 11 specify the compressor delay routine. So this is just
10:41 12 a simple retrieval of parameters, and there's no
10:41 13 disclosure in connection with Step 1108 regarding any
10:41 14 evaluation of those parameters.

10:41 15 And notably, what the patent is saying
10:41 16 regarding Step 1108 is that the parameters that are
10:41 17 retrieved, that list of parameters does not even
10:41 18 include the predictive rate of change which is listed
10:41 19 as one of the parameters to be evaluated. So there's
10:41 20 no connection between Step 1108 and any evaluation of
10:41 21 parameters.

10:41 22 Immediately after Step 1108 there is a
10:41 23 Step 1110 which is a determination of the appropriate
10:41 24 compressor delay settings. And what is entirely
10:41 25 missing from this disclosure regarding Step 1110 and

10:41 1 1108 is any discussion of an evaluation step, what that
10:42 2 evaluation might entail and how it might differ from
10:42 3 the determination step.

10:42 4 So looking at Figure 7 and its
10:42 5 accompanying disclosures, a person of ordinary skill in
10:42 6 the art would not understand what the claimed
10:42 7 evaluating step of the asserted claims requires.

10:42 8 Now, what EcoFactor, in addition to
10:42 9 Figure 7 -- EcoFactor also relies upon disclosures in
10:42 10 the specification related to Figures 8A through 8C of
10:42 11 the patent to claim that a person of ordinary skill in
10:42 12 the art would understand what the evaluating step
10:42 13 requires.

10:42 14 And what EcoFactor is saying is that a
10:42 15 person of ordinary skill in the art would understand
10:42 16 that there's a relationship between outside temperature
10:42 17 and predicted rate of change inside the house. That
10:42 18 can be used for the purposes of selecting a delay
10:42 19 interval.

10:42 20 But what EcoFactor's argument fails to
10:43 21 recognize is that Figures 8A through C is showing the
10:43 22 impact that a chosen compressor delay interval has on
10:43 23 HVAC cycling temperature and inside temperature after
10:43 24 that delay interval has already been chosen. Figures
10:43 25 8A through 8C are not related to any kind of analysis,

10:43 1 evaluation, determination, anything prior to the
10:43 2 selection of the delay interval. These disclosures are
10:43 3 just showing what happens after the delay interval has
10:43 4 already been chosen.

10:43 5 And then secondly, even if there were
10:43 6 some kind of backwards teachings that could be
10:43 7 understood from Figures 8A through 8C, that would not
10:43 8 help a person of ordinary skill in the art understand
10:43 9 the bounds of the claim term evaluation -- the
10:44 10 "evaluating" term, because a person of ordinary skill
10:44 11 in the art wouldn't know if the teachings in Figures 8A
10:44 12 through 8C were related to the evaluating limitation,
10:44 13 the determining limitation, some combination of
10:44 14 evaluating and determining, where certain disclosures
10:44 15 would fit with respect to evaluating or where other
10:44 16 disclosures would fit with respect to determining. And
10:44 17 accordingly there's just simply no disclosures that
10:44 18 provide any guidance regarding the objective boundaries
10:44 19 of the claims.

10:44 20 So contrary to what EcoFactor is saying,
10:44 21 it's not simply that the "evaluating" term could
10:44 22 potentially be broad, and that there could potentially
10:44 23 be many ways that parameters could be evaluated.

10:44 24 The crux of the argument here is that a
10:45 25 person of ordinary skill in the art just simply would

10:45 1 not understand what it means to evaluate the parameters
10:45 2 as required by the claim, especially in light of the
10:45 3 fact that there's just no disclosure that teaches a
10:45 4 person of ordinary skill in the art how the evaluation
10:45 5 is different than the determination.

10:45 6 And for at least these reasons, we
10:45 7 believe that the "evaluating" terms are indefinite.

10:45 8 THE COURT: Thank you. If y'all will
10:45 9 give me just a second.

10:45 10 (Pause in proceedings.)

10:46 11 THE COURT: If I could hear a response,
10:46 12 please.

10:46 13 MR. DAVIS: Thank you, Your Honor. I
10:46 14 have a few slides as well that I can share.

10:46 15 All right. Your Honor, just very
10:46 16 briefly, we included a couple of slides up front just
10:46 17 pointing out a couple of legal principles that we think
10:46 18 are relevant, as you know, from our briefing, including
10:46 19 the conflation of definiteness with other 112
10:46 20 requirements. And the point that simply having a broad
10:46 21 claim or a claim that, you know, covers multiple
10:46 22 methods, breadth does not mean indefiniteness. So that
10:46 23 is a separate question.

10:46 24 Now, focusing a little bit more on what
10:46 25 we just heard, I think what I heard Mr. Apgar say is

10:47 1 that, you know, we're conflating two separate
10:47 2 requirements of the claims. And I assure you, Your
10:47 3 Honor, that is not what we're doing. The terms are
10:47 4 related, of course. I think that much is clear from
10:47 5 the claims.

10:47 6 And what the evaluation step does is it
10:47 7 narrows the claim by requiring the two parameters that
10:47 8 are to be considered together. And so, you know, why
10:47 9 are those parameters considered together? Well, it's
10:47 10 because those parameters, as the specification explains
10:47 11 and as a POSITA would understand, impact what amount of
10:47 12 compressor delay would be appropriate for the
10:47 13 circumstances.

10:47 14 For example, if it's extremely hot
10:47 15 outside, that may impact what an appropriate compressor
10:47 16 delay is versus if it is just a mild temperature
10:48 17 outside. And so, you know, the relationship -- there's
10:48 18 a relationship between the evaluation and the
10:48 19 determination of the specific delay interval that
10:48 20 you're going to use. The ultimate output that the
10:48 21 claim is generating is what specific delay interval
10:48 22 should we adopt? And the claimed evaluation is
10:48 23 obviously part of creating that output.

10:48 24 So I think hopefully that clarifies the
10:48 25 issue of, you know, why we said in our briefing that

10:48 1 the output is the determination of what the delay
10:48 2 interval is.

10:48 3 And so I think if we look at the
10:48 4 intrinsic evidence, you know, of course we start with
10:48 5 the claim, and that provides reasonable certainty right
10:48 6 there. But if we go even further into the
10:48 7 specification, you know, we see additional disclosure
10:48 8 making clear what the scope of the claim is.

10:49 9 And so, you know, we have on Slide 6,
10:49 10 similar to the excerpts from Mr. Apgar, a portion of
10:49 11 Figure 7 and the associated description where we're
10:49 12 illustrating, you know, what are the parameters that
10:49 13 are considered? And the claim -- the claim makes clear
10:49 14 specifically which two need to be considered to fall
10:49 15 within the scope of the claim. The specification
10:49 16 describes how other parameters may be considered as
10:49 17 well, but the claim narrows the scope of that to just
10:49 18 two specific parameters: Outside temperature and rate
10:49 19 of change.

10:49 20 We go on to Figures 8A, 8B and 8C, and
10:49 21 what we see in those figures and the associated
10:49 22 description, much like Mr. Apgar said, we see what the
10:49 23 impact is. This is how the compressor delay is
10:50 24 affected by outside temperature and rate of change.
10:50 25 And so this sort of helps illustrate that those are the

10:50 1 related parameters that need to be considered by the
10:50 2 claimed invention in order to ultimately determine what
10:50 3 the appropriate delay interval is.

10:50 4 And so, you know, we have just sort of a
10:50 5 few concluding points on Slide 8, emphasizing that if
10:50 6 you know the outside temperature and the predicted rate
10:50 7 of change, then that allows you to predict the inside
10:50 8 temperature for different circumstances. Using that
10:50 9 information, you can choose an appropriate delay for
10:50 10 given circumstances, for example, for a given outside
10:50 11 temperature. You can figure out what would be the
10:50 12 appropriate delay interval in that situation.

10:50 13 And a POSITA would appreciate that the
10:51 14 outside temperature and the rate of change have an
10:51 15 impact on what that delay should be. And so that's why
10:51 16 the claimed invention in the evaluation step narrows
10:51 17 that inquiry to those parameters.

10:51 18 And so I think that resolves the --

10:51 19 THE COURT: I think -- I think I've got
10:51 20 it.

10:51 21 MR. DAVIS: -- issue and makes clear --
10:51 22 I'm sorry. Go ahead, Your Honor.

10:51 23 THE COURT: I'll hear a rebuttal from
10:51 24 defendant.

10:51 25 MR. APGAR: Yes, Your Honor.

10:51 1 And, Kris, if you could stop the share so
10:51 2 I can just pull up the claim language again. Thank
10:51 3 you.

10:51 4 Your Honor, what Mr. Davis was presenting
10:51 5 in his argument was that the evaluation step is part of
10:52 6 the determination step that results to an in and output
10:52 7 of a selection of a delay interval. And, you know,
10:52 8 what Mr. Davis was arguing is that there are at least
10:52 9 two parameters, the predicted rate of change and the
10:52 10 outside temperature measurements, which are involved in
10:52 11 this selection of the appropriate delay interval.

10:52 12 And what is just entirely unclear from
10:52 13 looking at the claim language is, one, respectfully --
10:52 14 with respect to Mr. Davis' argument, whether or not the
10:52 15 evaluating step is even related to the determining
10:52 16 step. There's -- looking at this claim language, it
10:52 17 simply says "evaluating one or more parameters" and
10:52 18 then it says "determining the interval based upon the
10:53 19 values of the parameters."

10:53 20 So it's entirely unclear where any
10:53 21 evaluation of the parameters may end, where any
10:53 22 determination may pick up. The relationship, to the
10:53 23 extent there even is one between evaluating and
10:53 24 determining, is completely unclear and does not provide
10:53 25 any objective bounds as to what the claim requires.

10:53 1 And that's really the key here.

10:53 2 And secondly, with respect to Mr. Davis'
10:53 3 introductory arguments and highlighting that what this
10:53 4 claim also might have is a written description and
10:53 5 enablement problem, we are -- we are in agreement that
10:53 6 this claim has -- and may have a written description
10:53 7 and an enablement problem as well as an indefiniteness
10:54 8 problem.

10:54 9 Just because the claim may be -- may fail
10:54 10 to satisfy the requirements of written description of
10:54 11 enablement does not mean that it is definite.

10:54 12 And for the reasons shown on the -- this
10:54 13 slide and in my earlier arguments, we just believe that
10:54 14 a person of ordinary skill in the art would not
10:54 15 understand the bounds of the claims, specifically given
10:54 16 the entirely unclear relationship between the
10:54 17 evaluating limitations and the determination
10:54 18 limitations.

10:54 19 THE COURT: Thank you. I'll be back in a
10:54 20 few seconds.

10:54 21 (Pause in proceedings.)

10:55 22 THE COURT: The Court is going to
10:55 23 maintain its preliminary construction.

10:55 24 And we'll move to the second claim term,
10:55 25 "predict changes in temperatures."

10:55 1 And I'll start with plaintiff's counsel
10:55 2 on this one.

10:55 3 MR. PICKENS: Thank you, Your Honor.
10:55 4 This is James Pickens with EcoFactor. If I have a
10:55 5 moment, I'll share my slides. And hopefully everyone
10:55 6 can see that okay.

10:55 7 So, Your Honor, we appreciated your
10:55 8 tentative construction. And we wanted to begin by
10:56 9 offering a new compromise proposal that we hope would
10:56 10 address one of the two possible issues with the term
10:56 11 that the Court's concerned about.

10:56 12 So EcoFactor's modified proposal is that
10:56 13 we would clarify that in Claim Element 1D the predicted
10:56 14 rate of change is referring to the predicted rate of
10:56 15 change in temperatures inside the structure.

10:56 16 And what we -- what we're hoping to do
10:56 17 through this modification is to address one of the two
10:56 18 concerns that the Court may have, which is that the
10:56 19 jury might be confused about what the predicted rate of
10:56 20 change -- which units is that referring to? And this
10:56 21 modification clarifies that, you know, consistent with
10:56 22 the understanding of an ordinary artisan, that we're
10:56 23 talking about calculating a schedule of indoor
10:57 24 temperature setpoints based on the predicted rate of
10:57 25 change and how the temperature inside the structure

10:57 1 will change.

10:57 2 I'm going to move past -- you know, we
10:57 3 have an introductory point here about -- that the
10:57 4 intrinsic evidence is important to look at even when
10:57 5 there's no explicit antecedent basis.

10:57 6 But I wanted to just sort of pause here
10:57 7 just to sort of give the Court an opportunity if it has
10:57 8 any comments on our modification -- on our modified
10:57 9 proposal, because I know that the Court didn't have a
10:57 10 chance to consider this during the briefing.

10:57 11 If the Court thinks this resolves some of
10:57 12 the concerns, you know, that was our goal here. And if
10:57 13 not, I can move on to address the other concerns that
10:57 14 the Court may have.

10:57 15 THE COURT: Let me just ask opposing
10:57 16 counsel. Would it make more sense now for you to
10:57 17 respond to this? Or would you prefer to take it all up
10:57 18 at once and just -- and have me have Mr. Pickens finish
10:58 19 and then we can take up defense argument? I'll do it
10:58 20 either way. Whichever defense counsel prefer to do.

10:58 21 MR. LUBEZNY: Your Honor, given the
10:58 22 slides that I've seen, I believe Mr. Pickens' arguments
10:58 23 in the later slides seem to relate to this point too.
10:58 24 Seems to make more sense for me to take everything up
10:58 25 together.

10:58 1 But, you know, I will note we certainly
10:58 2 don't believe that this clarification resolves the
10:58 3 definiteness issue in any way.

10:58 4 THE COURT: Well, you know, I didn't ask
10:58 5 you if you thought it did.

10:58 6 (Laughter.)

10:58 7 THE COURT: I really did anticipate you
10:58 8 saying that it did. I just figured which was easier
10:58 9 for you to respond to. So let's go back and have
10:58 10 plaintiff argue -- make their entire argument and then
10:58 11 I'll hear from counsel for defendant.

10:58 12 MR. PICKENS: Thank you, Your Honor.

10:58 13 So the first part of, you know -- is
10:58 14 really just illustrating that when we get to Claim 9,
10:59 15 Element D and it says "based on the predicted rate of
10:59 16 change," an ordinary artisan is going to see that and
10:59 17 understand that we're talking about a predicted rate of
10:59 18 change in inside temperatures specifically. Because
10:59 19 that's what we want to predict so that we can calculate
10:59 20 an optimal schedule thermostat setpoints for the
10:59 21 occupants.

10:59 22 Now, the other issue that I think
10:59 23 Mr. Lubezny is going to address as well when he begins,
10:59 24 and what may be really the crux of the problem from the
10:59 25 Court's perspective is, is there antecedent basis for

10:59 1 Claim 9D, the predicted rate of change? And we believe
10:59 2 that there is antecedent basis in 9C, and it's the --
10:59 3 where it says "using the stored data to predict changes
10:59 4 in temperatures." When it says "the predicted rate of
11:00 5 change," that's referring back to the "predict changes
11:00 6 in temperatures."

11:00 7 Now, the concern that ecobee has raised
11:00 8 is that there are different units between 9C and 9D.
11:00 9 The concern ecobee's saying is that, well, 9C says
11:00 10 we're predicting changes in temperatures. 9D says it's
11:00 11 the predicted rate of change. And those are different
11:00 12 things.

11:00 13 The problem is that they're actually not.
11:00 14 They're actually the exact same units. So this is not
11:00 15 a case where claim 9C is talking about units that are
11:00 16 different from 9D.

11:00 17 And I can show you that, Your Honor, with
11:00 18 a couple of these slides. So on Slide 13 we're looking
11:00 19 at the '597 patent at Column 5, Lines 5 through 16.
11:00 20 And this is about Figure 6A. And this is a preferred
11:00 21 embodiment of Element 9C.

11:00 22 And what it says is that you can predict
11:00 23 a temperature increase inside the house of 4 degrees,
11:01 24 from 72 to 76 degrees, despite the increase in outside
11:01 25 temperature from 80 to 100. So what that's showing us

11:01 1 is this is our "predict changes in temperature." Here
11:01 2 the change is 4 degrees in response to the change in
11:01 3 outside temperature from 80 to 100.

11:01 4 Now, on the next slide I've illustrated
11:01 5 this with respect to Figure 6A. And what an ordinary
11:01 6 artisan understands is that when the claim says
11:01 7 "predict changes in temperatures," there are units that
11:01 8 are being claimed. And the units are that we're
11:01 9 predicting a 4-degree change in temperatures, from 72
11:01 10 to 76, but we're predicting that over a time interval.
11:01 11 It has to be divided by time because it's a predicted
11:01 12 change from one temperature to another.

11:01 13 And this is shown in Figure 6. So in
11:01 14 Figure 6A what we see is that when the outside
11:01 15 temperature's 80, the inside temperature's 72. When
11:02 16 the outside temperature goes up to 100 -- this has
11:02 17 actually taken a full day of 15 hours -- the inside
11:02 18 temperature's only risen to 76.

11:02 19 So what an ordinary artisan sees when the
11:02 20 claim says "predict changes in temperatures" is they
11:02 21 see a 4-degree predicted change over a 15-hour
11:02 22 timespan.

11:02 23 On the next slide I'm showing, Slide 15,
11:02 24 that an ordinary artisan is going to read using the
11:02 25 stored data to predict changes in temperatures inside

11:02 1 the structure. That has to have units and it has to be
11:02 2 4-degree changes. And to be a change, it has to be
11:02 3 divided by that 15-hour time interval that we saw in
11:02 4 Figure 6A.

11:02 5 So then to kind of wrap up this point,
11:02 6 when we now get to looking at the claim together, 9C
11:02 7 and 9D, the units of Element 9C we're going to predict
11:03 8 4 degrees changes in temperature. And because it's a
11:03 9 prediction, it has to be over that time interval, the
11:03 10 preferred embodiment's 15 hours.

11:03 11 Then when we get to 9D, now we're looking
11:03 12 at based on the predicted rate of change which is in
11:03 13 the same units. It's 4 degrees divided by 15 hours.
11:03 14 And the parties agree that a rate of change is the
11:03 15 difference between inside temperature measurements
11:03 16 divided by the span of time between the measurements.
11:03 17 Just like is claimed in 9C, we've got a 4-degree
11:03 18 difference and that has to be divided by that 15-hour
11:03 19 span of time, because we're predicting for a specific
11:03 20 time interval.

11:03 21 And so finally, I -- just some concluding
11:03 22 thoughts on that point and why there really is
11:03 23 antecedent basis here. And that's because a change in
11:03 24 inside temperature, like is claimed in 9C, has to occur
11:03 25 over time.

11:03 1 We're not claiming in this claim -- it
11:03 2 doesn't say predict, you know, a single value. It's a
11:04 3 change. And any prediction is also necessarily a
11:04 4 change over time. And how much that quantity changes
11:04 5 over time is the rate of change. And that's why 9D,
11:04 6 the predicted rate of change, has antecedent basis.

11:04 7 And the last point would just be that in
11:04 8 the specification again and again it confirms that when
11:04 9 we're predicting the rate of change, it's an inside
11:04 10 temperature rate of change. And that was also the
11:04 11 other piece that we wanted to address with our modified
11:04 12 construction.

11:04 13 So with that, Your Honor, I'll pass to
11:04 14 Mr. Lubezny unless you have any questions.

11:04 15 THE COURT: I don't.

11:04 16 Next?

11:04 17 MR. LUBEZNY: Thank you, Your Honor. And
11:04 18 Mr. Apgar, if you could pull up our slides. In
11:04 19 particular let's start with Slide 9, please.

11:04 20 So, Your Honor, the first thing I'd like
11:05 21 to address, I guess, is Mr. Pickens', at least what he
11:05 22 referred to as kind of a new compromise position. In
11:05 23 fact, you know, one thing I'll say is in general it's
11:05 24 really the same position that we addressed and argued
11:05 25 in the briefs, in that EcoFactor is trying to rewrite

11:05 1 these claims.

11:05 2 As you can see in Claim 9, the claims
11:05 3 have this limitation where they say "calculating
11:05 4 scheduled programming of setpoints in the thermostat or
11:05 5 controller based on the predicted rate of change."
11:05 6 And, you know, that's all it says. And as we've
11:05 7 explained essentially in the briefing, there's no
11:05 8 antecedent basis for this. The claims simply fail to
11:05 9 identify what the predicted rate of change is.

11:05 10 Mr. Pickens suggests now that the Court
11:05 11 should insert the language after the claim -- after
11:05 12 this clause, saying that it's a change in the inside
11:06 13 temperature. But that's not defining anything. He's
11:06 14 not -- you know, he's not asking for the Court to
11:06 15 define -- he's not asking for the Court to explain what
11:06 16 the prediction is or what a rate of change is. What
11:06 17 he's effectively asking the Court to do is rewrite
11:06 18 these claims in a way that would make them definite.

11:06 19 And as we explained in our brief, and in
11:06 20 particular in our citation to the Chef America case,
11:06 21 the Federal Circuit has been very clear that, you know,
11:06 22 courts cannot rewrite claims to make them operable or
11:06 23 definite.

11:06 24 And here the claim is simply -- does not
11:06 25 explain or identify what rate is to be predicted and

11:06 1 used for the calculating schedule program. It's
11:06 2 absolutely silent on that point.

11:06 3 So, Mr. Apgar, if you can go to the next
11:06 4 slide.

11:06 5 So to try to get around this, Mr. Pickens
11:07 6 then, you know, suggests that the Court can look to the
11:07 7 prior limitation of predicting changes and just simply
11:07 8 find that that is an antecedent basis. But that is --
11:07 9 there's simply no basis for that. These are two very
11:07 10 different things.

11:07 11 The prior limitation talks about
11:07 12 predicting changes in temperature inside the structure
11:07 13 in response to these changes in outside temperature.
11:07 14 There's no rate discussed there at all. And there's
11:07 15 absolutely no basis for that to be the antecedent to
11:07 16 the predicted rate.

11:07 17 And let me address the fact, you know,
11:07 18 Mr. Pickens tried to suggest that these are really the
11:07 19 same thing. And they're not. They're very different
11:07 20 concepts and different ideas. Predicting a change in
11:07 21 temperature's just that.

11:07 22 If it's in units of anything, it's in
11:07 23 units of temperature. You can predict a change of 4
11:07 24 degrees and that satisfies that limitation. It doesn't
11:08 25 mention anything about how fast that temperature change

11:08 1 happens, when it happens or any units of time at all.

11:08 2 That's very different from the concept of
11:08 3 a rate. A rate refers to how fast something is
11:08 4 changing. And here the claim provides no indication of
11:08 5 what rate is to be predicted at all or how to make that
11:08 6 prediction. These are two separate limitations that
11:08 7 are just not related in any way in these claims.

11:08 8 And one can see that, if we go to the
11:08 9 next slide, very clearly by looking at the different
11:08 10 claims in the same patent, the patentee understood that
11:08 11 these were different concepts.

11:08 12 For example, in Claims 1 and 9, the
11:08 13 patentee recited using stored data to predict changes
11:08 14 in temperature inside the structure. In Claim 17 the
11:09 15 patentee recited using the stored data to predict a
11:09 16 rate of change of temperatures inside the structure.

11:09 17 So the patentee understood that these
11:09 18 were different concepts. They had different claims
11:09 19 directed to these different concepts.

11:09 20 And, again, as we have here on the slide,
11:09 21 the SOL IP case which is another case we addressed in
11:09 22 our briefing, you know, antecedent basis cannot be
11:09 23 supported when the terms are just different terms with
11:09 24 different meanings. And so here there's simply no
11:09 25 basis for the change prediction to provide an

11:09 1 antecedent basis for a rate of change term, especially
11:09 2 when the claim simply provides no indication of what
11:09 3 rate is to be calculated at all.

11:09 4 So with that, Your Honor, I think that
11:10 5 provides my rebuttal, unless you have any further
11:10 6 questions.

11:10 7 THE COURT: Happy to hear a rebuttal.

11:10 8 MR. PICKENS: Thank you, Your Honor.

11:10 9 So I apologize. I'm just -- so I'm
11:10 10 calling up plaintiff's Slide 13 which is from the
11:10 11 intrinsic record.

11:10 12 And, you know, the first point I would
11:10 13 just make in rebuttal, Your Honor, is that an ordinary
11:10 14 artisan is going to read the claims in light of things
11:10 15 like the preferred embodiments in Figure 6. And I
11:10 16 think they're going to understand that the word
11:10 17 "predict" and the word "changes" absolutely require a
11:11 18 time element.

11:11 19 If it's just changes in temperature, and
11:11 20 that's four degrees, it has to be a change between two
11:11 21 temperature measurements from 72 to 76. And those two
11:11 22 measurements occur at different times, or are predicted
11:11 23 to occur over a time interval. And so there has to
11:11 24 be -- from an ordinary artisan's perspective if I'm
11:11 25 predicting a change, it requires some time interval.

11:11 1 The temperature always changes. It's
11:11 2 never static. It's never the same. And at any given
11:11 3 time there can only be one indoor temperature. So if
11:11 4 I'm predicting a change, I have to have two
11:11 5 temperatures that occurred at different times.

11:11 6 And, again, even if the temperatures were
11:11 7 flat, right? Even if the changes in temperature were
11:11 8 zero, it would still be over a time interval. We're
11:12 9 predicting that over this time it's going to be flat,
11:12 10 right? So even if the changes were zero, we're still
11:12 11 dividing by time.

11:12 12 And that's why the units of the predicted
11:12 13 changes in temperature for 9C, to an ordinary artisan,
11:12 14 have to be in the unit of a rate of change.

11:12 15 The other point that Mr. Lubezny made was
11:12 16 that -- and I'll just switch to Slide 16 here -- his
11:12 17 point was that, well, if we looked at other claims in
11:12 18 the patent, they suggest that there's a difference in
11:12 19 scope between Claim 9, for example, and Claim 17. So
11:12 20 he said, well, in Claim 17 the patentee said we use the
11:12 21 stored data to predict the rate of change. Whereas in
11:12 22 Claim 9 it says we use the stored data to predict
11:12 23 changes.

11:12 24 And the reason I disagree with
11:12 25 Mr. Lubezny is that I think an ordinary artisan would

11:12 1 look at that and not be able to figure out what the
11:12 2 difference in scope is necessarily because the units
11:13 3 are the same, right?

11:13 4 If we predicted the change of 4 degrees
11:13 5 for a time interval, we've got our temperature change
11:13 6 and it's divided into that time. And they wouldn't be
11:13 7 able to express it mathematically in such a way that
11:13 8 the scope meaningfully differs. At least that's our
11:13 9 understanding of what an ordinary artisan would see in
11:13 10 light of the specification, where again and again every
11:13 11 preferred embodiment is that we're predicting rates of
11:13 12 change. We're predicting rates of change.

11:13 13 And so the -- I just disagree with
11:13 14 Mr. Lubezny that an ordinary artisan would look at this
11:13 15 change, predict the changes and think that that's a
11:13 16 different claim scope, that from all the preferred
11:13 17 embodiments where we're always predicting the rate.

11:13 18 Thank you.

11:13 19 THE COURT: Anything else from defense
11:13 20 counsel?

11:13 21 MR. LUBEZNY: Yes, Your Honor.

11:13 22 I would add just to kind of close the
11:13 23 loop on that point, that we certainly very much
11:14 24 disagree with Mr. Pickens and his characterization of
11:14 25 what it means to predict change. The very

11:14 1 specification -- part of the specification he points to
11:14 2 talks about simply predicting a change in temperature
11:14 3 of 4 degrees.

11:14 4 There's no indication that it has to be
11:14 5 over time. In fact, the suggestion that a change must
11:14 6 be over a time interval is, again, rewriting that part
11:14 7 of the claim and trying to change what the claim
11:14 8 actually says.

11:14 9 That part of the claim simply says
11:14 10 predicting change of temperature. That could be 4
11:14 11 degrees. That could be as simple as, you know, it will
11:14 12 change from 72 to 76 degrees at 8:00 p.m. There's no
11:14 13 requirement that you're looking at how fast something
11:14 14 changes, which is the concept of a rate.

11:14 15 So, again, Your Honor, those are two
11:14 16 different issues. And one does not provide the
11:14 17 antecedent basis for the other.

11:14 18 Thank you.

11:14 19 THE COURT: Anything else from
11:14 20 Mr. Pickens?

11:14 21 MR. PICKENS: Thank you, Your Honor.

11:14 22 I would just respond that I think in
11:15 23 Figure 6 when you look at that, together with the
11:15 24 specification, you see that the change of 4 degrees is
11:15 25 over 15 hours. It always has to be over a time

11:15 1 interval. It -- and so that's why we think that it
11:15 2 does have the antecedent basis.

11:15 3 THE COURT: I'll be back in a second.

11:15 4 (Pause in proceedings.)

11:16 5 THE COURT: If we can go back on the
11:16 6 record.

11:16 7 The Court is going to maintain its
11:16 8 preliminary construction that this claim term is
11:16 9 indefinite.

11:16 10 Is there anything else that we have to
11:16 11 take up this morning?

11:16 12 MR. APGAR: Not from defendants, Your
11:16 13 Honor.

11:16 14 MR. DAVIS: And not from plaintiff, Your
11:16 15 Honor.

11:16 16 THE COURT: Have a good afternoon. Take
11:16 17 care.

11:16 18 (Hearing adjourned at 11:16 a.m.)

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1 UNITED STATES DISTRICT COURT)
2 WESTERN DISTRICT OF TEXAS)
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